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SUBJECT: GHANA: AMERICAN BUSINESSES AIR VIEWS ON
BUSINESS DIFFICULTIES

11. (SBU) SUMMARY: Board members of the Ghana American Chamber of Commerce mentioned areas of concern for their businesses to econoff in a Board meeting. Several members complained of a lack of bureaucratic support for foreign investors. Mining giant Newmont talked about the drive to limit expatriate labor to build local capacity and fight illegal Chinese labor. Members aired concerns about double taxation by the Ghanaian authorities, and related evidence that the global economic downturn had already begun to hit Ghana in the residential housing sector and access to commercial lending. It was also clear that the Chamber remains a work in progress as the American business community grows and begins to better organize itself in Ghana. Post will continue its support. END SUMMARY.

Problems Investing

12. (SBU) Several Ghana American Chamber of Commerce Board members mentioned to econoff problems with the Ghana Investment Promotion Center (GIPC), the GOG entity tasked with facilitating FDI into Ghana, complaining that CEO Robert Ahomkha-Lindsey's positive rhetoric does not match the practices of his entrenched bureaucracy. Despite promises to the Chamber that Ahomkha-Lindsey had relegated problematic staff to the back office, American businesses felt that they still were a drag on U.S. firms seeking to navigate the Ghanaian business environment.

QToo many expats

13. (SBU) Newmont, a mining company that is one of the largest foreign investors in Ghana, said that the GIPC was under pressure from local businesses to limit the number of expats allowed into the country due to fears that they were stealing good jobs from Ghanaians. Ghanaian companies can apply for work permits for their expats, but foreign firms have to work through the GIPC when negotiating investment agreements.

14. (SBU) According to Newmont, mining firms in Ghana were perceived to rely too heavily on expatriates, but the reality is that the industry has a short-term need for expert expats in niche fields such as electrical welding, and countries like the Philippines have a corner on the market. Over time

these skillsets are less important to their operation, and the number of expats decreases naturally. Newmont complained that regulating expat labor is self-defeating to the GIPCQs goal of domestic capacity building.

Illegal Chinese Labor Unfair

15. (SBU) Newmont noted two reasons for domestic pressure on the GIPC: a) the Ghanaian labor force wanted better access to effective job skills and b) the perception that Chinese laborers posing as tourists were illegally working in the public markets and Chinese construction projects, taking away low-skilled entry level jobs from Ghanaians. The Newmont rep alleged that Chinese construction firms were capitalizing on this illegal labor pool for large public works projects like the Bui Dam construction without immigration control while his company caught flak for bringing 60 legal expats to work among its 4,000-member Ghanaian workforce.

Double Taxation Without Representation

16. (SBU) The representatives also were concerned about double taxation by the Ghanaian Internal Revenue Service (IRS). They claimed that the GOG IRS had a poor understanding of the U.S. corporate tax system, so it tried to revisit GIPC contracts in order to get more tax revenue from U.S. firms. They

said the GOG IRS regularly claims that U.S. firms underreport Ghanaian earnings to the local authorities, something the businessmen strenuously denied. They asked if the USG had the means to organize a U.S. tax seminar for local officials.

Credit Crunched?

17. (SBU) One businessman mentioned that he was seeing evidence that commercial lending was beginning to tighten up in Accra as a result of the global economic downturn. This has begun to affect private capital investment flows in the residential housing sector, which had experienced rapid growth in the past decade as more entrepreneurs reached for the Ghanaian Dream of owning property. (NOTE: Drug dealers and government profiteers are also rumored to be a small but noticeable part of Accra's housing boom. END NOTE.)

18. (SBU) COMMENT: It is hard to say whether this sample of sentiment was representative of the nascent American business community or if it was a function of being the largest, and easiest, targets in town. But it was clear that unhappiness with the GOG investment promotion regime continues to be widespread. Given that for the second month in a row, the Chamber could not assemble a quorum of its Board, that it lacks a coherent committee structure for utilizing the skills of its members, and that it continued to be hampered by the absence of a professional administrative staff to handle day-to-day affairs of the Chamber, it was also clear that the U.S. business lobby is a work in progress in Ghana. Post will continue to support the Chamber as it develops. END COMMENT.

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